

UPPER EXPLORERLAND REGIONAL  
PLANNING COMMISSION

FINANCIAL REPORT

JUNE 30, 2013

## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT		<u>Page</u>	
		1-2	
MANAGEMENT DISCUSSION AND ANALYSIS			3-5
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>		
Statement of Net Assets	A		6
Statement of Activities	B		7
Balance Sheet-Governmental Funds	C		8-9
Statement of Revenues, Expenditures and Changes In Fund Balance-Governmental Funds	D		10-11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	E		12
Notes to Financial Statements			13-28
	<u>Schedule</u>		
SUPPLEMENTARY INFORMATION			
Schedule of Revenues, Expenditures and Changes in Fund Balance-Non-major Governmental Funds	1		29-30
Schedule of Revenues, Expenditures and Changes in Fund Balance-Workforce Investment Act	2		31
Schedule of Revenues, Expenditures and Changes in Fund Balance-Workforce Investment Act Contract #7-W-01-FR-0	3		32
Schedule of Revenues, Expenditures and Changes in Fund Balance Fiscal Agent for Coordinating Service Provider	4		33-34
Schedule of Expenditures of Federal Awards	5		35-37
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS			38-39

TABLE OF CONTENTS (Continued)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	40-41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	42-45
STAFF	46

**RFSW** Ridihalgh Fuelling  
Snitker Weber & Co.  
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.  
Gene L. Fuelling, C.P.A.  
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639  
Oelwein, IA 50662  
(319)283-1173  
Fax (319)283-2799

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Upper Explorerland Regional Planning Commission  
Postville, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2013 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2013, and the respective changes in financial position for the year ended in conformity with U.S. generally accepted accounting principles.



## **Other Matters**

### **Required Supplementary Information**

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 3 thru 5 to be presented to supplement the basic financial statements. Although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the twelve years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2014 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.

January 8, 2014

CERTIFIED PUBLIC ACCOUNTANTS



**Upper Explorerland Regional Planning Commission (UERPC)  
Management Discussion and Analysis as of June 30, 2013**

Upper Explorerland Regional Planning Commission's (UERPC) has been in existence for over 40 years. UERPC's mission is to promote regional cooperation and meet the planning and economic development needs of local governments. UERPC is a membership-supported organization of local governmental bodies in the northeast Iowa counties of Allamakee, Clayton, Fayette, Howard and Winneshiek. The sharing of information and the cooperation facilitated by UERPC has led to economies of scale, greater efficiencies, and more uniformity in the delivery of services. Regional cooperation through UERPC allows the region to collectively undertake and seize upon opportunities with unified effort and pooled resources, thereby greatly improving opportunities and outcomes.

UERPC's Executive Director and financial management team offer this narrative overview and analysis of the financial activities for the year ended June 30, 2013. UERPC administration can predict and address significant known or anticipated events, conditions, trends and contingencies that may affect the agency since fiscal year-end and going forward. The financial statements of UERPC consist of the operations of Upper Explorerland Regional Planning Commission and of the Workforce Investment Act (WIA) program administered by UERPC. Not included in this audit are the Upper Explorerland Regional Housing Authority (RHA) and UERPC Housing, Inc., each of which is a separate entity and is therefore separately audited.

During FY 2013, UERPC management set a priority to train and educate our 24 member board so they can promote our agency in a uniformed fashion. UERPC also reflected upon the staff to match job descriptions with skill sets in a more efficient way. Furthermore, management set wellness as a priority. Healthier employees make for a stronger agency. To build a workplace with more staff camaraderie, greater productivity, and less absenteeism, an organization-wide wellness initiative was developed. UERPC developed a wellness committee and implemented wellness programs and activities.

UERPC continues to focus on its customer service approach. The goal is for all communities and counties to see UERPC as a resource for their housing, transportation, workforce, economic development and community needs. To accomplish that goal, the agency continues with their all-inclusive marketing campaign. Some of those marketing efforts include: Facebook, Twitter, e-newsletter, success stories, and more. UERPC utilized its second location as a marketing tool to capture community involvement and needs with dual locations.

UERPC has become recognized as an ideal vehicle for addressing issues that require a regional perspective, obtaining over \$216 million in grant funds since its establishment in November of 1972. More specifically, this fiscal year UERPC obtained over \$8.2 million from grant funds for our various counties and communities.

Management continues to strive for financial stability of UERPC. This proved more challenging during this fiscal year as compared to preceding years. As a publicly funded organization, UERPC has had to face significant budgetary shortfalls. A combination of issues such as the recession; the recent sequestration of major program funds including Department of Labor (DOL) and Housing & Urban Development funds (HUD); changes in

administrative funding levels; and grant requirements related to UERPC have all resulted in the need to re-evaluate practices and processes and to be able to change these practices quickly. This included a concentrated review of staffing levels to meet the ever changing financial resources which were available and will be available to UERPC in the upcoming fiscal year.

Multiple efforts have been made over the past twelve months to address budgetary shortfalls. These efforts ranged from the offering of a voluntary separation package; eliminating the backfill of vacated positions where attrition occurred; and salary re-grades/pay changes to address financial issues. Inevitably, the cutback of staff hours and/or layoffs to ensure continued employment of key staff persons resulted. Each of these actions were undertaken based on the skill set of the employees, the needs of the individual programs, the requirements of the grants funding the programs, the existing regulatory issues relating to program administration, and, at base, the budgetary restrictions facing UERPC.

Ongoing efforts continue with the restructuring of UERPC's staffing plan; the Board of Commissioners approval of a shared premium plan for employee health insurance benefits, and maintaining the merit system to effectively provide increased efficiency among UERPC's most productive staff members while simultaneously containing overall payroll costs.

#### Financial Highlights:

Balance Sheet Summary (as found in Exhibit A of this report):

- The total assets of UERPC exceeded the liabilities at June 30, 2013 by \$1,983,459, decreasing net assets by \$156,589 from June 2012.

	June 30, 2013	June 30, 2012	Net Change
Total Assets	\$3,743,510	\$3,884,511	\$141,001 decrease
Total Liabilities	\$1,760,051	\$1,744,463	\$ 15,588 decrease
Total Net Assets	\$1,983,459	\$2,140,048	\$156,589 decrease

- For the period ending June 30, 2013, total revenues from operating grants, charges for services, and general revenues were \$3,316,568. Total expenses were \$3,489,531, providing a decrease in net assets of \$156,589.(Including prior period adjustment)
- Total revenue declined by 18.17% and total expenses declined by 14.44% from the 2012 fiscal year.

	Year Ended June 30, 2013	Year Ended June 30, 2012	Net Change
Revenue from Operating Grants	\$2,465,336	\$3,076,643	\$ 611,307 decrease
Revenue from Charges for Services	\$ 849,760	\$974,761	\$ 125,001 decrease
General Revenue	\$ 1,471	\$1,409	\$ 62 increase
Total Revenue	\$3,316,568	\$4,052,813	\$ 736,245 decrease
Total Expenses	\$3,489,531	\$3,993,601	\$ 504,070 decrease
Change in Net Assets	\$ (156,589)	\$59,212	\$ 215,801decrease



Management can also predict another year of challenges within the fiscal year 2014. UERPC management realizes that grant funding is likely to continue to decline going forward; UERPC's future success depends on its ability to continue to increase market share in providing services for which a fee can be charged. Many of the programs that have traditionally had greater stability of funding are now receiving or are threatened to continue to receive lower funding levels. The low-income rental assistance program, community development block grants, and workforce development programs are all experiencing decreases in funding. This could result in additional salary re-grades, mandatory hour reductions; and the potential for employee layoffs in the months ahead to maintain operations with the reduced revenue streams available.

On a positive note in relation to the balance sheet for UERPC, the purchase of an office building in Decorah has had a positive impact on cash flow for the organization. UERPC has continued to partner with several agencies who became tenants in the Decorah building and UERPC also took on a tenant in the Postville location this past fiscal year. These lease arrangements have allowed UERPC to satisfy its desperate need for space without negatively impacting the budget. The rental income from our partners has significantly offset occupancy costs associated with the new building and will provide an annual source of unrestricted revenue funds for UERPC.

UERPC continues to defend the lawsuit filed in October 2010 by the City of Postville and a Postville City Council member, stemming from the Commission's vote to purchase the building in Decorah. All charges against UERPC were dismissed in a ruling filed May 22, 2012; however, the plaintiffs appealed the case to the Iowa Supreme Court. A district court date has been set for April of 2014.

This management analysis and discussion attempts to provide a summary view of the 2013 fiscal year as well as some insights into management's assessment of the opportunities and challenges UERPC may see in the 2014 fiscal year and beyond. The reader is encouraged to review these schedules and the audit report in its entirety.

Rachelle Howe  
Executive Director  
Upper Explorerland Regional Planning Commission



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
**STATEMENT OF NET ASSETS**  
As of June 30,2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,207,065
Accounts receivable, federal sources	323,501
Accounts receivable, other	142,214
Interest receivable	2,124
Investments	80,619
Loans receivable	1,133,645
Fixed assets(net)	<u>854,342</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,743,510</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 372,553
Accrued leave additive	57,222
Deferred income	54,969
Noncurrent liabilities:	
Due within one year:	
Loan payable	65,700
Due in more than one year:	
Loan payable	<u>1,209,607</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,760,051</u></u>
<b>NET ASSETS</b>	
Investment in fixed assets/Car Replacement- Net of Related Debt	283,477
Restricted Fund Balance:	
HAWC	52,668
RLF	455,050
IRP	495,672
Unrestricted:	
Board Committed-CGOI	110,000
Unassigned	<u>586,592</u>
<b>TOTAL NET ASSETS</b>	<u><u>1,983,459</u></u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 3,743,510</u></u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

Functions / Programs:	Expenses	Program Receipts		Net (Expense)
		Charges for	Operating	Revenue and
		Service	Grants	Changes in
			Contributions	Net Assets
			Restr. Int.	Governmental
				Activities
<b>Governmental Activities:</b>				
Salaries	\$ 816,821	448,940	420,867	52,986
Employee benefits	228,655	112,466	129,666	13,477
Travel and per diem	26,236	15,912	12,184	1,860
Contracted service	14,872	15,250	2,080	2,458
Shared support	12,129	-	12,232	103
Conferences and training	2,433	1,987	671	225
Client training	213,586	-	215,395	1,809
Legal/professional fees	103,100	12,718	92,561	2,179
Other support	77,174	11,814	66,315	955
Equipment purchase/lease	6,342	5,378	1,569	605
TBRA deposit assistance	54,304	-	54,764	460
Office rent	59,231	66,563	-	7,332
Office/office supplies	1,709	1,355	730	376
Allocated costs	288,990	139,662	165,790	16,462
Interest	7,439	-	7,502	63
Depreciation	2,362	2,577	299	514
Grants/programs	1,168,151	15,138	1,164,459	11,446
In kind match	117,259	-	118,252	993
Bad debts	288,738	-	-	(288,738)
<b>Total Governmental Activities</b>	<b>\$ 3,489,531</b>	<b>849,760</b>	<b>2,465,336</b>	<b>(174,435)</b>
<b>General Revenues (Uses):</b>				
Unrestricted interest				1,471
<b>Total general revenues</b>				<b>1,471</b>
<b>Change in net assets</b>				<b>(172,964)</b>
<b>Net assets beginning of year</b>				<b>2,140,048</b>
<b>Prior period adjustment</b>				<b>16,375</b>
<b>Net Assets End of Year</b>				<b>\$ 1,983,459</b>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2013

	General	Special Revenue		
	Fund	CSP	RLF	IRP
ASSETS				
Cash and cash equivalents	\$ 447,872	7,501	366,456	329,589
Certificate of deposit	-	-	-	-
Accounts receivable, federal	216,389	-	-	-
Accounts receivable, other	138,920	71,403	-	-
Interest receivable	-	-	508	1,617
Investments	80,619	-	-	-
Loans receivable	-	-	242,276	878,591
TOTAL ASSETS	\$ 883,800	78,904	609,240	1,209,797
LIABILITIES				
Accounts payable	\$ 97,409	78,904	154,190	9,800
Accrued payroll & taxes	7,127	-	-	-
Accrued leave additive	36,070	-	-	-
Deferred income	46,482	-	-	-
TOTAL LIABILITIES	187,088	78,904	154,190	9,800
FUND EQUITY				
Fund balance:				
Restricted:				
Restricted fund balance	-	-	455,050	768,897
Debt reserve	-	-	-	81,100
Local match	-	-	-	350,000
Reserved by the board:				
CGOI	110,000	-	-	-
Car replacement	21,854	-	-	-
Unassigned	564,858	-	-	-
TOTAL FUND EQUITY	696,712	-	455,050	1,199,997
TOTAL LIABILITIES & FUND EQUITY	\$ 883,800	78,904	609,240	1,209,797

**TOTAL FUND EQUITY PER EXHIBIT C**

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental fund's fund balance because: Capital assets used in government activities are not financial resources and hence not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental capital assets net of depreciation

Long term liabilities are not due in the current period and therefore not reported

in the fund statements. Long term liabilities reported in the statement of net assets that are not reported in the fund balance sheet are:

Loans payable

Rounding

**NET ASSETS OF GOVERNMENTAL ACTIVITIES-EXHIBIT A**

## EXHIBIT C

HAWC	WIA	Totals
40,510	15,138	1,207,066
-	-	-
-	39,003	255,392
-	-	210,323
-	-	2,125
-	-	80,619
12,778	-	1,133,645
53,288	54,141	2,889,170

620	24,502	365,425
-	-	7,127
-	21,152	57,222
-	8,487	54,969
620	54,141	484,743

52,668	-	1,276,615
-	-	81,100
-	-	350,000
-	-	110,000
-	-	21,854
-	-	564,858
52,668	-	2,404,427
53,288	54,141	2,889,170

\$ 2,404,427

854,342

(1,275,308)

(2)

\$ 1,983,459

See notes to financial statements



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS  
 Year Ended June 30, 2013

REVENUES	SPECIAL REVENUE			
	General Fund	WIA	CSP	IRP
Intergovernmental:				
Federal	\$ -	25,632	1,130,800	-
State	-	-	3,682	-
Local	-	21,876	-	-
Miscellaneous:				
Interest	1,472	-	-	31,346
Other	849,760	-	-	3,298
Total revenues	<u>851,232</u>	<u>47,508</u>	<u>1,134,482</u>	<u>34,644</u>
EXPENDITURES				
Salaries	399,490	231,958	-	18,509
Employee benefits	100,078	82,289	-	5,652
Travel and per diem	14,159	6,811	-	-
Contracted services	13,570	-	-	-
Shared support	-	12,129	-	-
Conferences and training	1,768	-	-	-
Client training	-	213,586	-	-
Other support	10,513	61,316	-	-
Equipment purchase/lease	4,786	1,300	-	-
TBRA deposit assistance	-	-	-	-
Office/ office supplies	1,206	-	-	-
Office rent	59,231	-	-	-
Legal/profession fees	11,317	-	-	-
In kind match	-	-	-	-
Allocated costs	124,279	82,283	-	6,942
Interest	-	-	-	7,439
Grants/programs	13,471	-	490,318	-
Depreciation	2,293	-	-	-
Bad debt expense	-	-	-	259,110
Fixed asset purchases	20,100	-	-	-
Long term debt principal	-	-	-	51,823
Total expenditures	<u>776,261</u>	<u>691,672</u>	<u>490,318</u>	<u>349,475</u>
NET REVENUES (EXPENDITURES)	74,971	(644,164)	644,164	(314,831)
OTHER FUNDING SOURCES (USES)				
TRANSFERS:				
Special Revenue:				
WIA	-	644,164	-	-
Fiscal Agent for CSP	-	-	(644,164)	-
NET CHANGE IN FUND BALANCES	74,971	-	-	(314,831)
CHANGE IN FIXED ASSET	(20,100)	-	-	-
CHANGE IN LONG TERM DEBT	-	-	-	51,823
PRIOR PERIOD ADJUSTMENT	(559)	-	-	-
FUND BALANCE, beginning	<u>565,211</u>	<u>-</u>	<u>-</u>	<u>1,514,828</u>
FUND BALANCE, ending	<u>\$ 619,523</u>	<u>-</u>	<u>-</u>	<u>1,251,820</u>

See notes to financial statements

## EXHIBIT D

RLF	Other Nonmajor Gov Fds	Total
-	966,648	2,123,080
-	59,725	63,407
-	212,272	234,148
9,338	473	42,629
100	146	853,304
9,438	1,239,264	3,316,568
5,385	161,479	816,821
1,642	38,994	228,655
-	5,266	26,236
-	1,302	14,872
-	-	12,129
-	665	2,433
-	-	213,586
-	5,345	77,174
-	256	6,342
-	54,304	54,304
-	503	1,709
-	-	59,231
-	91,783	103,100
-	117,259	117,259
3,175	72,311	288,990
-	-	7,439
-	664,362	1,168,151
-	69	2,362
27,296	2,332	288,738
-	-	20,100
-	-	51,823
37,498	1,216,230	3,561,454
(28,060)	23,034	(244,886)
-	-	644,164
-	-	(644,164)
(28,060)	23,034	(244,886)
-	-	(20,100)
-	-	51,823
-	-	(559)
483,110	55,000	2,618,149
455,050	78,034	2,404,427

See notes to financial statements

## EXHIBIT E

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES**  
 For The Year Ended June 30, 2013

Net change in fund balances-total governmental funds governmental funds-Exhibit D	\$ (244,886)
--	--------------

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of  
those assets are depreciated over their estimated  
useful lives.

Expenditures for capital assets	20,100
---------------------------------	--------

Debt proceeds provide current financial resources to  
governmental funds, but issuing debt increases  
long-term liabilities in the statement of net assets.  
Repayment of debt principal is an expenditure in the  
statement of net assets. This is the amount by which  
proceeds exceeded repayments.

Principal payments	51,824
--------------------	--------

Rounding	(2)
----------	-----

Change in net assets-Statement of Activities-Exhibit B	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ (172,964)</div>
--	---

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Upper Explorerland Regional Planning Commission was created under Chapter 473A and 28E, State Code of Iowa as a regional planning organization to serve the counties of Allamakee, Clayton, Fayette, Howard, and Winneshiek, Iowa. The commission is governed by a Board of Commissioners appointed from the five counties.

The commission provides comprehensive studies and plans for the development of the five county area. Its programs are financed from federal and state grants and contracts, county appropriations, and interest earned on investments.

In addition, the commission administers various Community Development Block Grant programs and is responsible for administering the various programs established under the Workforce Investment Act and also provides special services in the form of printing, reproduction, and mapping.

The Commission through its Revolving Loan Fund programs and Intermediary Relenting Program makes low interest loans available to business in the five county area.

The Commission acted as Fiscal Agent for Iowa Workforce Development Department from July 1, 1998 until April 1, 2012. Up to that time it performed accounting functions, and received and disbursed funds on behalf of the Coordinating Service Provider. It administered the Promise Jobs Program to assist welfare recipients in becoming self-sufficient. It provided employment and training opportunities for low-income individuals and other special groups. This was provided by offering assistance through classroom, pre-employment and on the-job-training.

Since March 31, 2012 the Commission has continued to act as a pass-thru agency for East Central Intergovernmental Agency.

B. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

are recorded when a liability is incurred regardless of the timing of related cash flows.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available in the current period or soon enough thereafter, sixty days, to be considered revenues of the current period. Expenditures are recorded when the related fund liability is incurred and is measurable except for principal and interest on general long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

C. Basis of Presentation

**Commission-wide Statements**—The Statement of Activities and Net Assets are reported in two categories:

*Restricted Net Assets* result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

*Unrestricted Net Assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

particular function. Other items not properly included among program receipts are reported instead as general receipts.

The Commission has no business-type activities or fiduciary funds.

**Fund Financial Statements**—Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The Commission reports the following major governmental funds:

**The General Fund** is the general operating fund of the Commission. All receipts not allocated by law, grant or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

**The Special Revenue WIA Fund** accounts for activities associated with providing job training and retraining programs.

**The Special Revenue CSP Fund** accounts for the receipts and disbursements of the Commission in its capacity as Fiscal Agent for Iowa Workforce Development Department Sources include grants from the federal government.

**The Special Revenue IRP Fund** accounts for the receipts and disbursements of the Intermediary Relending Program. The program makes low interest loans to businesses in the five county area.

**The Special Revenue RLF Fund** accounts for the receipts and disbursements of the Revolving Loan Fund. The program makes low interest loans in the five county area.



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

- D. Fund Equity-In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable-Amounts which cannot be spent either because they are in a non-spendable form, or because they are legally or contractually required to be maintained intact.

Restricted-Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed-Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned-All amounts not included in other spendable classifications.

- E. Cash Equivalents

The Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2013.

- F. Budgets and Budgetary Accounting

Upper Explorerland Regional Planning Commission does prepare financing and spending budgets for programs on a project basis. The Commission is not required to adopt a legal budget under state law.

- G. Allocation of Fringe Benefits and Indirect Costs

WIA division of UERPC charges all payroll directly to grants based on actual expenditures in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant/program areas based on total payroll percentages calculated any given month for the various grant program areas.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

The Commission division of UERPC allocates indirect costs to all grants in accordance with the Office of Management and Budget Circular A-87.

Fringe benefits are distributed to the various grant-program areas based on a total payroll percentage. Total payroll percentage is determined by first obtaining a percentage of the administrative staff charged directly to grant/program areas, and adding "pool salaries" which are allocated based on the direct salary percentage.

Indirect costs are allocated based on the direct payroll percentages.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2) CASH AND CASH EQUIVALENTS

Cash and equivalents consists of deposits at financial institutions and certificates of deposits with a maturity of three years or less. Cash and cash equivalents by fund are as follows:

Commission	\$447,871
H.A.W.C	40,510
R.L.F	366,456
I.R.P	329,589
W.I.A	15,138
C.S.P.	<u>7,501</u>
	\$ <u><u>1,207,065</u></u>

The Commission's deposits beyond FDIC insurance are insured by Iowa under a Sinking Fund to insure public deposits under the authority of Chapter 12C, Code of Iowa and 781-13, Iowa Administrative code. This Fund insures public deposits in each individual bank up to the amount of that bank's total.



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

3.) ACCOUNTS RECEIVABLE

Accounts receivable are shown at their gross amounts. No allowance for bad debts is shown due to the fact that it is believed that all receivables are collectable. Accounts receivable by fund is as follows:

Accounts receivable - federal:	
Commission	\$ 216,389
C.S.P.	68,109
W.I.A.	<u>39,003</u>
	\$ <u>323,501</u>

Accounts receivable - other	
Commission	\$ 138,920
C.S.P	<u>3,294</u>
	\$ <u>142,214</u>

4.) INVESTMENTS

The Commission has the following investments:

One hundred-fifty one units of Principal Financial Group, Inc. with a basis of \$3,561 and the fair market value at June 30, 2013 is \$5,619.

During year ended June 30, 2013 the Commission invested an additional \$37,097 in Decorah Metronet (DMN) for a total investment of \$75,000. This is a Communications Service Agreement to assist and provide a cost-efficient approach to common telecommunications needs.

5.) FIXED ASSETS

Fixed assets are recorded at cost and includes depreciable and non-depreciable assets. Non-depreciable assets include equipment purchased with grant dollars. Depreciable assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

A summary of changes in general fixed assets follows:

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
Fixed Assets	\$ 977,804	20,100	12,136	985,768
Accumulated Depreciation	<u>114,717</u>	<u>28,845</u>	<u>12,136</u>	<u>131,426</u>
Net	\$ <u>863,087</u>	<u>(8,745)</u>	<u>-</u>	<u>854,342</u>

The Commission had no capitalized interest costs for the year ended June 30, 2013.

6.) LEAVE ADDITIVE EMPLOYEE BENEFIT

The Commission's leave additive consists of vacation leave and compensatory overtime earned. Leave additive is calculated monthly and charged to the various programs. A liability account is used to offset these charges. When leave time is actually taken, it is then charged against the leave additive liability account. The total leave additive charged to the programs for the year ended June 30, 2013, was \$68,874.

Accrued Leave Additive at June 30, 2013 was \$57,222

7.) PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual salary and the Commission is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the year ended June 30, 2013 was \$71,418.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

8.) Medical Insurance/Health Alternative

Plan Description-The Commission operates a benefit plan which provides medical/prescription drug benefits for active and retired employees. There are 21 active and no retired members currently in the plan. The medical/prescription drug benefits are provided through a plan with Wellmark. The Commission switched to United Health Care in August 2013. The Commission self-insures and budgets 15% of the anticipated claims. Retirees would pay the same premium as active employees. Regular full-time employees are eligible for single coverage health insurance. Employees who deny coverage under the Commission's health insurance policy will be allowed to apply their amounts to a 457(b) tax sheltered annuity of their choice or to be included in their compensation.

In addition the Commission offers dental coverage for single employees and retired employees, and vision coverage for current and retired employees and their families.

Regular part-time employees (working a minimum of 1,560 hours per year) will be eligible for the medical insurance benefit according to hours worked. Regular part-time employees (working a minimum of 1,040 hours per year) will be provided a health alternative benefit according to hours worked. An employee who is laid off or resigns may continue coverage under the Commission's current medical insurance policy as provided by federal and state COBRA law in effect at the time of the lay off or resignation.

Funding Policy- The contribution requirements of plan members are established and may be amended by the Commission. The most recent active member monthly premiums for the Commission and plan members are \$544 medical and the Commission pays all but one dollar of these premiums. In addition, the Commission pays 100% for dental, \$36, and vision, \$7.

Family coverage is available and the cost to the employee is \$1,126 for medical, \$78 for dental and \$19 for vision.

Currently there are no retirees on the plan and the Commission would finance any retiree benefit plan at the same cost on a



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

pay-as-you-go basis. For the year ended June 30, 2013 the Commission contributed \$92,872 to the plan.

9.) SELF FUNDING MEDICAL EXPENSE

In a cost saving measure in regard to their insurance expenses the Commission started a Self-Funding account. The Commission accrued 7% exposure for the months August thru December 2010. For the months January thru May 2012 it accrued 15%. This brought the Self-Funding account to \$8,338. The Commission has a third-party administrator to handle claims.

During the year ended June 30, 2013 the Commission allocated \$5,805 to the fund and paid out \$14,143. This left a balance of zero at June 30, 2013.

10) ADVERTISING

Advertising costs are accrued as incurred. Advertising costs for the year were \$326 in the General Fund.

11) COST ALLOCATION PLAN

Upper Explorerland Regional Planning Commission has adopted a cost allocation plan to allocate indirect costs to the various programs. Any cost, which cannot be assigned directly to a program, is allocated based upon this cost allocation plan. Indirect costs allocated to the various programs for the year ended June 30, 2013, totaled \$277,941.

12) SUPPORT FROM GOVERNMENTAL UNITS

The Commission receives substantially all of its support from Federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Commission's programs and activities.



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

13) RESTRICTED FUND BALANCE

The Commission's Restricted Fund Balance is made up of the following:

Fund Balance-HAWC	\$ 52,668
Fund Balance-RLF	455,050
Fund Balance-IRP:	
Fund Balance-Local Match	350,000
Fund Balance-Loan Pool	93,497
Fund Balance-Reserve for Bad Debt	<u>52,175</u>
Total Fund Balance-IRP	<u>495,672</u>
TOTAL RESTRICTED FUND BALANCE-EXHIBIT A	<u>\$1,003,390</u>

See Note 18 for the amounts required for the Reserve for Bad Debts. These funds may be used only for the purpose of transferring to the General Operating Account amounts, not more than actual loan losses and to pay principal and interest on the IRP Promissory Note when there are insufficient funds in the General Operating Account.

Investment income derived from any account shall remain a part of such account.

14.) PRIOR PERIOD ADJUSTMENT

In closing IDEA 11-RMG-08 grant, it was discovered that the local match for this grant was not booked during the grant period. Because of this, funds from IDEA were booked as deferred revenues totaling \$8,692 when in fact there should have been a receivable totaling \$7,683. The result was a prior period adjustment increasing Unrestricted Net Assets \$16,375.

15) CONTINGENT LIABILITY - SICK LEAVE

Commission employees accumulate sick leave hours for subsequent use. These accumulations are not recognized as expenditure by the Commission until used.

Sick leave is only payable when used and is not available to employees upon termination, retirement or death. After the maximum allowable sick leave of 720 hours (90 days) is accumulated, additional sick leave earned is then converted to annual leave at a 3 to 1 ratio. Three hours of sick leave earned is then equal to one hour of annual leave.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENT

16) LOANS RECEIVABLE

Loans receivable consist of the following:

Loans under the HAWC Program	\$ 12,778
Loans under the Intermediary Relending Program (See note 17)	878,591
Loans under the Revolving Loan Program (See note 19)	<u>242,276</u>
Exhibit A and C	<u>\$1,133,645</u>

17) UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

The Commission contracts for the administration of Upper Explorerland Regional Housing Authority (hereinafter call "Authority"). This is a governmental organization that is an agent for landlords who rent housing facilities to low income individuals with assistance from the Federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of northeast Iowa. Aaron Burkes, executive director of the Commission, is also the director of the Authority. The Commission bills the Authority for direct salaries, fringe benefits and overhead. During the fiscal year ended June 30, 2013, this amounted to \$218,482.

The Authority is audited separately and a report has been issued under separate cover.

18) INTERMEDIARY RELENDING PROGRAM (IRP)

On March 12, 1993, UERPC entered into a loan agreement with the U.S.D.A. The purpose of the loan is to provide "low interest financing to new and expanding business for which credit is not otherwise available or terms and conditions are not available which would permit completion and/or the successful operation of the proposed business activities." In order to secure this loan, UERPC received \$250,000 in capital contributions from the five counties it represents. The loan is for \$1,000,000 and will be for 30 years at one percent interest per annum. Principal payments were deferred for the first three years of the loan and the first amortized annual payment was made March 29, 1997. The balance of this loan at June 30, 2013, was \$397,956.



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

On March 20, 2003 Commission entered into an agreement with Rural Development, United States Department of Agriculture for an additional \$400,000 loan. In order to secure this loan the Commission had to contribute \$100,000. The loan is for \$400,000 and will be paid over 30 years at one percent interest per annum. Principal payments were deferred for the first three years. Interest only was paid on March 20 of the years 2004, 2005 and 2006. First payment of principal and interest was to be March 20, 2007, and thereafter on every March 20 for twenty seven years. The payment amount is \$16,980. The balance at June 30, 2013 was \$306,368.

As part of an "Amended IRP Revolving Fund Agreement", dated March 20, 2003 the parties have agreed to combine the two loans for purposes of establishing a Reserve for Bad Debt only. This Reserve for Bad Debt is based on the loans receivable and that loans receivable will approximate the original loan, or loans, plus intermediary contributions. Therefore when fully funded, the Reserve for Bad Debt should be approximately six percent of \$1,750,000 or \$105,000. Per the agreement the Commission should began to accumulate funds in the Reserve in accordance with their delinquency or loss records, so that the six percent requirement can be reached within three years. This Reserve is to be maintained at this level thereafter. The June 30, 2013 balance was \$52,715 which was six percent of outstanding loans.

19) REVOLVING LOAN FUND (RLF)

In May, 1990, UERPC was awarded \$375,000 in Federal funds, by the Economic Development Administration (EDA) and then supplied a local match of \$125,000 to develop a \$500,000 Regional Revolving Loan Fund Program to promote business development. The Commissions' obligation to the Federal government continues as long as RLF assets, in the form of cash, receivables, personal and real property, and notes or other financial instruments developed through the use of the funds, continue to exist. The agreement states in part that "If EDA determines that a grant recipient is failing to meet his obligation, the Agency will assert its equitable reversionary interest in the RLF assets."



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

20) HAWC PARTNERSHIPS FOR CHILDREN (HAWC)

HAWC was established to provide to provide loans to child care providers to increase licensed child care sites and expand child care capacity in northeast Iowa. Any project is eligible as long as it will open a registered child care site or expand services for a registered child care provider in the counties of Howard, Allamakee, Clayton, Winneshiek, and Fayette. The maximum loan for an eligible project is \$5,000 with interest rates between 3-5%. The loans are to be repaid from one to five years and can be recalled at anytime if the borrower is not compliant with the lending criteria. The loans are secured by one or more of the following: a secondary mortgage on real estate; a lien on fixtures, furnishing, machinery, and equipment; a personal guarantee; and a promissory note.

21) IN KIND MATCH

During the year the Commission had a Planning grant from the U.S. Department of Commerce for \$61,000. The grant called for a hard match of \$15,000 in cash and an in-kind match of \$46,000. During year ended June 30, 2013 the Commission received \$61,000 from the U.S. Department of Commerce, had hard match of \$15,019 and in kind match of \$72,894.

The Commission has an award through U.S. Department of Commerce under CTAA-Implementation of a 27 county three state regional action plan. Award is for federal dollars of \$200,000 with a match of \$26,000. Match must be \$21,000 cash with the remaining to be In Kind.

22) INDEBTEDNESS

There is a note with Waukon State Bank of Waukon, Iowa dated April 27, 2013 for \$600,000. The purpose of the note was to purchase a building in Decorah Iowa. Interest rate is 5.15%. Due date of note is April 15, 2026. There are one hundred seventy nine monthly payments of \$3,580.92 and a balloon payment of \$334,696.32 on April 15, 2026. Balance of note at June 30, 2013 was \$570,983.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

There is a open end credit note with Waukon State Bank of Waukon, Iowa dated April 27, 2013 for \$125,000. Interest rate 5.49%. Due date of note is May 15, 2016. As of June 30, 2013 the Commission had not borrowed any funds on this loan.

There is a loan agreement with Rural Development, United States Department of Agriculture, with an original balance of \$1,000,000. Interest rate 1%. Payments are \$42,446 for thirty years. Balance at June 30, 2013 was \$397,916.

There is a loan agreement with Rural Development, United States Department of Agriculture with an original balance of \$400,000. Interest rate of 1%. Payments are \$16,980 for Thirty years. Balance at June 30, 2013 was \$306,368.

Maturity Schedule:

June 30, 2014	\$ 65,700
June 30, 2015	67,700
June 30, 2016	69,700
June 30, 2017	71,700
June 30, 2018	73,000
Subsequent Years	<u>927,467</u>

\$ 1,275,307

23) OPERATING LEASES

The Commission leases office space in New Hampton, Iowa on an annual basis. The most recent lease was \$425 per month and was terminated September 15, 2012.

The Commission has a two year lease for office space in Waukon, Iowa. The lease expires June 30, 2014. The lease is \$75 per month, but the Commission subleases space to Northeast Iowa Community Action Corporation for \$30 per month. Sublease is for twenty four months ending June 30, 2014.

Future minimum lease payments are:

\$900 for the year ending June 30, 2014 for the Waukon office.

24) RELATED PARTY TRANSACTIONS

No related party transactions were noted.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

25) IRP LOANS-WRITE OFFS

The Board of Directors approved of writing off three loans that were more than one year delinquent, the total write off of these loans resulted in \$259,110 of bad debt expense.

26) RLF LOANS-WRITE OFFS

The Board of Directors for RLF approved of writing off two loans that were more than one year delinquent, the total write off of these loans resulted in \$27,296 of bad debt expense.

27) HAWC LOANS

The HAWC Board approved of the write off of two accounts that proved to be uncollectible for a total bad debt expense of \$2,332.

28) PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to increase beginning net asset balance on Northeast Iowa Business Network grant IDEA 11-RMG-08 for the year ended June 30, 2012. Due to the timing of the recording of the In Kind match deferred income of \$8,692 was booked when in fact a receivable for \$7,683 should have been booked.

29) LITIGATION

A claim has been filed against the Commission by a terminated employee for age discrimination and retaliation after employee's termination. The Commission is fully covered by insurance.

A lawsuit has been brought against the Commission and several of its current and former board members. The lawsuit alleges that the Commission and its members violated Iowa's open meeting laws concerning three meetings in September, October and November 2009. Trial is set for early 2013. The Commission prevailed in a motion for summary judgment, and the several issues were upheld by the Iowa Supreme Court. The case has been remanded on one single issue for trial. Commission has insurance in place to cover any losses.



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

30) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events thru January 8, 2014, the date which the financial statements were available to be issued.

The Commission has voted to refinance their building note. The refinance will be for a ten year fixed term at 4.5% amortized over twenty years.

## SUPPLEMENTARY INFORMATION

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2013

REVENUES	Total Nonmajor Gov Fds	HAWC	Department of Trans- poration 20.205/20.209	EDA Planning Grant 11.302	HOME Grants 14.239	Aim2Win 11.01	Special Revenue	
							Browns field Hazard	Brownsfield Petro
							66.818	66.818
Intergovernmental								
Federal	\$ 966,648	-	70,600	61,000	155,134	74,479	10,775	17,780
State	59,725	-	-	-	-	-	-	-
Local	212,272	-	17,650	87,913	5,000	16,920	-	-
Miscellaneous								
Interest	473	473	-	-	-	-	-	-
Other	146	146	-	-	-	-	-	-
Total revenues	1,239,264	619	88,250	148,913	160,134	91,399	10,775	17,780
EXPENDITURES								
Salaries	161,479	-	51,405	43,618	16,445	13,067	1,371	-
Employee benefits	38,994	-	12,603	10,251	4,339	3,117	313	-
Travel and per diem	5,266	-	468	2,566	1,125	831	-	-
Conferences and training	665	-	70	204	391	-	-	-
Contracted services	1,302	-	-	252	-	-	-	-
Other support	5,345	-	103	543	1,833	-	6	-
Equipment purchase/ lease	256	-	256	-	-	-	-	-
TBRA Deposit Assistance	54,304	-	-	-	-	-	-	-
Office/Office Supplies	503	-	355	145	-	-	-	-
Professional Fees	91,783	-	-	-	580	64,358	8,900	17,780
In Kind	117,259	-	-	72,817	-	5,092	-	-
Allocated costs	72,311	620	22,990	18,448	9,356	6,294	185	-
Long term debt principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Grants/Programs	664,362	-	-	-	125,596	-	-	-
Depreciation	69	-	-	69	-	-	-	-
Bad Debt Expense	2,332	2,332	-	-	-	-	-	-
Total expenditures	1,216,230	2,952	88,250	148,913	159,665	92,759	10,775	17,780
NET REVENUES								
(EXPENDITURES)	23,034	(2,333)	-	-	469	(1,360)	-	-
TRANSFER FROM CSP	-	-	-	-	-	-	-	-
TRANSFER TO WIA	-	-	-	-	-	-	-	-
TRANSFER TO GENERAL FUND	-	-	-	-	-	-	-	-
FUND BALANCE, beginning	55,000	55,000	-	-	-	-	-	-
FUND BALANCE, ending	\$ 78,034	52,667	-	-	469	(1,360)	-	-

See accompanying independent auditor's report



SCHEDULE 1

Tenant Based Rental Assis.	Iowa Business Network				Jumpstart			
	Admin & Other	IDEA 11-RMG-08	IDEA 12-RMG-04	IDEA 13-RMG-08	Admin	Bus Assis.	MFNP	SFNP
14,239					14,228	14,228	14,228	14,228
56,746	-	-	-	-	27,000	264,347	122,074	106,713
-	32,267	-	24,053	3,405	-	-	-	-
-	27,265	39,350	16,715	1,459	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
56,746	59,532	39,350	40,768	4,864	27,000	264,347	122,074	106,713
1,638	19,504	-	-	-	14,431	-	-	-
437	4,708	-	-	-	3,226	-	-	-
-	132	-	-	-	144	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,050	-	-	-
-	1,139	-	-	-	1,721	-	-	-
-	-	-	-	-	-	-	-	-
54,304	-	-	-	-	-	-	-	-
-	3	-	-	-	-	-	-	-
-	14	-	-	-	151	-	-	-
-	-	39,350	-	-	-	-	-	-
367	7,902	-	-	-	6,149	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	40,768	4,864	-	264,347	122,074	106,713
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
56,746	33,402	39,350	40,768	4,864	26,872	264,347	122,074	106,713
-	26,130	-	-	-	128	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(128)	-	-	-
-	-	-	-	-	-	-	-	-
-	26,130	-	-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
 SCHEDULE OF REVENUES, EXPENDITURES  
 and CHANGES IN FUND BALANCE  
 WORKFORCE INVESTMENT ACT  
 Year Ended June 30, 2013

	Total Contracts	Contract #7-W-01-FR-0	Career Pathways	Aim2Win EDA	Bridges to Health- NICC	Promise Jobs #9-W-01- FN-0
				11.010	17.245	93.558
<b>REVENUES</b>						
Intergovernmental						
Federal	\$ 25,632	-	-	10,119	15,513	-
State	-	-	-	-	-	-
Other	21,876	-	21,876	-	-	-
Total revenues	47,508	-	21,876	10,119	15,513	-
<b>EXPENDITURES</b>						
Programs-E.C.I.A.	-	-	-	-	-	-
Programs-I.W.D.	-	-	-	-	-	-
Programs-W.I.A.	83,454		21,876	10,119	15,513	35,946
Administration	531,986	531,986	-	-	-	-
Total expenditures	615,440	531,986	21,876	10,119	15,513	35,946
<b>NET EXCESS REVENUES (EXPENDITURES)</b>	(567,932)	(531,986)	-	-	-	(35,946)
<b>TRANSFERS IN (OUT):</b>						
Special Revenue:						
Commission	-	-	-	-	-	-
CSP	567,932	531,986				35,946
	567,932	531,986	-	-	-	35,946
<b>NET EXCESS REVENUES AND TRANSFERS OUT</b>	-	-	-	-	-	-
<b>FUND BALANCE, beginning</b>	-	-	-	-	-	-
<b>FUND BALANCE, ending</b>	\$ -	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 WORKFORCE INVESTMENT ACT CONTRACT # 7-W-01-FR-0  
 Year Ended June 30, 2013

	Total W.I.A. #7-W-01 FR-0	Admin- istrative	Adult	Dislocated Worker	Youth In School	Youth Out of School	SWA
<b>REVENUES:</b>							
Intergovernmental:							
Federal	\$ -	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-
<b>EXPENDITURES:</b>							
Programs-W.I.A.	531,986	45,950	172,818	126,966	96,893	87,518	1,841
Total expenditures	531,986	45,950	172,818	126,966	96,893	87,518	1,841
<b>TRANSFERS IN (OUT):</b>							
Special Revenue:							
CSP	531,986	45,950	172,818	126,966	96,893	87,518	1,841
<b>NET</b>	-	-	-	-	-	-	-
<b>FUND BALANCE, beginning</b>	-	-	-	-	-	-	-
<b>FUND BALANCE, ending</b>	\$ -	-	-	-	-	-	-



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 FISCAL AGENT for COORDINATING SERVICE PROVIDER  
 WORKFORCE INVESTMENT ACT  
 Year Ended June 30, 2013

	Total Workforce Investment Act	# 9-W-01-FN-0 Promise Jobs	#11-W-FR-P1- 0-22 Rockwell Summer NEG
		93.558	17.260
<b>REVENUES:</b>			
Intergovernmental:			
Federal	\$ 1,130,800	90,672	76,232
State	3,682	-	-
Total revenues	1,134,482	90,672	76,232
<b>EXPENDITURES:</b>			
Programs-E.C.I.A.	490,318	54,726	-
Total expenditures	490,318	54,726	-
<b>TRANSFERS IN (OUT):</b>			
Special Revenue:			
Planning Commission	-		
WIA	(644,164)	(35,946)	(76,232)
	(644,164)	(35,946)	(76,232)
<b>NET</b>	-	-	-
<b>FUND BALANCE,   beginning</b>	-	-	-
<b>FUND BALANCE,   ending</b>	\$ -	-	-

See accompanying independent auditor's report

## Contract # 7-W-01FR-0

Admin- istrative	Adult	Youth In School	Youth Out of School	Dislocated Worker	SWA
17.258/.259/.278	17.258	17.259	17.259	17.278	17.278
82,586	293,270	144,703	197,212	246,125	-
-	-	-	-	-	3,682
82,586	293,270	144,703	197,212	246,125	3,682
36,636	120,452	47,810	109,694	119,159	1,841
36,636	120,452	47,810	109,694	119,159	1,841
-	-	-	-	-	-
(45,950)	(172,818)	(96,893)	(87,518)	(126,966)	(1,841)
(45,950)	(172,818)	(96,893)	(87,518)	(126,966)	(1,841)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

See accompanying independent auditor's report

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

<u>Federal Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	Program Expenditures July 1, 2012 to June 30, 2013
<b>DIRECT:</b>			
<u>U.S. Department of Commerce:</u>			
Economic Development Planning Grant	11.302	05-83-03891	\$ 61,000
Title IX Economic Adjustment Program-Revolving Loan Fund	11.307	Perpetual	-
Aim2Win	11.010	05-46-05024	74,479
Aim2Win	11.010	05-46-05024	10,119
<b>TOTAL DEPARTMENT OF COMMERCE</b>			<u>145,598</u>
<u>U.S. Department of Transportation</u>			
Indirect passthrough Iowa Department of Transportation			
Federal Transit Administration-Transportation Planning	20.515	01RPA-01	70,600
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>			<u>70,600</u>
<u>U.S. Environmental Protection Agency:</u>			
Brownsfield Hazard	66.818	BF 98796001	10,775
Brownsfield Petroleum-ARRA	66.818	BF 2B97708101	17,780
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>28,555</u>
<b>INDIRECT:</b>			
<u>U.S. Department of Labor</u>			
Indirect passthrough Iowa Workforce Development Department			
Bridges to Health-TAACCT	17.245		15,513
Title I - Administration	17.258	1-W-01-FR-0	82,586
Title I - Adult	17.258	1-W-01-FR-0	293,270
Subtotal - WIA Adult CFDA # 17.258			<u>375,856</u>
WIA Youth in School Formula	17.259	1-W-01-FR-0	144,703
WIA Youth out of school	17.259	1-W-01-FR-0	197,212
Subtotal-Youth CFDA # 17.259			<u>341,915</u>
WIA Dislocated Worker	17.260	1-W-01-FR-0	246,125
Rockwell Summer NEG	17.260	11-W-FR-P1-0-22	76,232
Subtotal - WIA Dislocated Worker CFDA # 17.260			<u>322,357</u>
Subtotal - WIA Cluster CFDA # 17.258, 17.259, & 17.260			<u>842,916</u>
<b>TOTAL DEPARTMENT OF LABOR</b>			<u>858,429</u>



SCHEDULE 5  
Continued

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

	Federal CFDA Number	Grant Number	Program Expenditures July 1, 2012 to June 30, 2013
<u>U.S. Department of Health and Human Services</u>			
Indirect passthrough Iowa Workforce Development Department			
Promise Jobs	93.558	1-W-01-FR-0	90,672
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>90,672</u>
<u>U.S. Department of Agriculture</u>			
Business and Industrial Loans-Intermediary	10.767	Perpetual	-
Relending Program			
TOTAL DEPARTMENT OF AGRICULTURE			<u>-</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>			
TBRA-Admin	14.239	09-HM-602-40	2,442
Tenant Based Rental Assistance	14.239	09-HM-602-40	54,304
Home Investment Partnerchip (HOME)	14.239	12-HM-141	108,593
Home Investment Partnerchip (HOME)	14.239	12-HM-138	46,541
Jumpstart Admin	14.228	08-DRH-201	27,000
Jumpstart -Business Assistance	14.228	08-DRH-201	264,347
Jumpstart-MFNP	14.228	08-DRH-201	122,074
Jumpstart-SFNP	14.228	08-DRH-201	106,713
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>732,014</u>
 TOTAL ALL FEDERAL PROGRAMS			 <u>\$ 2,123,080</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

## NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Upper Explorerland Regional Planning Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic statements.

## NOTE 2-SUBRECIPIENTS

Upper Explorerland Regional Planning Commission provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Title I-Administration	17.258,17.259,17.260	\$ 36,636
Title I-Adult	17.258	120,452
WIA Youth in School Formula	17.259	47,810
WIA Youth out of School	17.259	109,694
WIA Dislocated Worker	17.260	119,159
Promise Jobs	93.558	54,726
		<u>\$ 488,477</u>

## Reconciliation of Special Revenue Fund and Federal Expenditures

Total Expenditures - Special Revenue Fund	\$ 2,733,370
Less:	
Intermediary Relending	(297,652)
Revolving Loan Fund	(37,498)
Regional Transit Development	
Local Expenditures	(17,650)
Economic Development Services	
Local Expenditures	(87,913)
HOME Grants	
Local Expenditures	(4,531)
Aim2Win	
Local Expenditures	(18,280)
Iowa Business Network	(118,384)
HAWC	(2,952)
Career Pathways	(21,876)
SWA	(3,682)
Jumpstart Admin	128
Total Federal Expenditures	<u>\$ 2,123,080</u>

**RFSW** Ridihalgh Fuelling  
Snitker Weber & Co.  
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.  
Gene L. Fuelling, C.P.A.  
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639  
Oelwein, IA 50662  
(319)283-1173  
Fax (319)283-2799

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

To the Board of Commissioners  
Upper Explorerland Regional Planning Commission  
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Commission's as of and for the year ended June 30, 2013, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated January 8, 2014. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standard applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the Findings and Questioned Costs, item II-A-13 to be a material weakness.



A significant deficiency is a deficiency, or combination in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the Schedule of Findings and Questioned Costs, item II-B-13, to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

There are no comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2013. Since our audit was based on tests and samples not all transactions that might have had an impact on comments were not necessarily audited.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Commission and other parties to whom the Commission may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2014

**RFSW** Ridihalgh Fuelling  
 Snitker Weber & Co.  
 C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.  
 Gene L. Fuelling, C.P.A.  
 Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639  
 Oelwein, IA 50662  
 (319)283-1173  
 Fax (319)283-2799

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
 EACH MAJOR PROGRAM AND TO INTERNAL CONTROL OVER  
 COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners  
 Upper Explorerland Regional Planning Commission  
 Postville, Iowa

Compliance

We have audited the compliance of Upper Explorerland Regional Planning Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2013. Upper Explorerland Regional Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Upper Explorerland Regional Planning Commission's management. Our responsibility is to express an opinion on Upper Explorerland Regional Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Upper Explorerland Regional Planning Commission's compliance with those requirements.

In our opinion, Upper Explorerland Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2013.



Internal Control Over Compliance

The management of Upper Explorerland Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland Regional Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A control deficiency in the Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Commission's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2014



## UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Part I-Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) Our audit procedures disclosed no reportable conditions in the major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Workforce Investment Act Grants with the CFDA Numbers 17.258, 17.259, 17.260, 14.239 and 14.228 were audited as major programs.
- (h) The dollar threshold used to distinguish between Type A and Type B programs were \$300,000.
- (i) Upper Explorerland Regional Planning Commission qualified as a low-risk auditee.

## UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Part II-Findings Related to the Financial Statements

## II-A-13 MATERIAL WEAKNESS:

Segregation of Duties-One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Posting of cash receipts, receipt of unopened bank statement and reconciliation of bank statement are all done by one individual.

Recommendation-We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response and Corrective Action Planned-We have reviewed procedures and plan to make changes to improve internal control to the best of our ability. We are looking at using part time personnel to perform some of the above functions.

Conclusion-Response accepted.

## II-B-13 SIGNIFICANT DEFICIENCY:

Preparation of Financial Statements - Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to accepted accounting principles (GAAP). The Commission does not have an internal control system designed to provide for the preparation of the financial statements, including accompanying footnotes, as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, **Communicating Internal Control Related Matters Identified in an Audit**, requires us to communicate this matter to those charged with governance.

As auditors, we were requested to draft the financial statements and accompanying notes to the financial

statements. The outsourcing of these services is not unusual in an entity of this size.

Recommendation-We realize that obtaining the expertise necessary to prepare the financial statements, including necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with the governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – UERPC feels that obtaining the expertise necessary to prepare the financial statements, including necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Conclusion – Response accepted.

### Part III: Findings and Questioned Costs: Major Federal Award Programs Audit

No matters were noted.



UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2013

There were no findings or questioned costs for the prior year ended June 30, 2012.

## UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

This audit was performed by:

Don Snitker, CPA, Manager  
James Remington, Staff  
Brent Waters, Staff